

Retail Trends Summary Report

Prepared for Chichester City Council by The Retail Group,
August 2016

1 Introduction

This trends summary has been compiled for Chichester City Council to provide an overview of the current dominant trends affecting the retail sector and town / city centres in order to help inform their future Vision & Strategy for Chichester City Centre.

An extensive and bespoke review of published research, reports, articles and insight from industry leaders has been undertaken; a full list of research sources is contained in the Bibliography.

This broad research approach has enabled us to collate the views of a wide audience from industry leading bodies such as the ATCM, BCSC and Institute of Place Management; to research and insight specialists including Deloitte and Dunhumby; to retail property and planning specialists including; Savills, GVA, Carter Jonas, Colliers and GL Hearn; along with government bodies, shopping centre managers / owners and other industry specialists. The research also includes the first hand findings of surveys undertaken by The Retail Group of consumers and retailers / operators in town and city centres across the country.

The trends research and information compiled has been collated under a number of headings;

- Consumer Trends
- Retailer Trends
- Town Centre Context
- Retail Outlook
- Future of Retail
- What could these trends mean for Chichester?

Each section opens with a summary (blue box) providing interpretation and an overview of the important trends and patterns identified under each of the headings.

The supporting background and evidence that has been collated and reviewed as the methodology to underpin the interpretation and summaries is also included. These are shown as extracts from the various published reports and articles. In a number of instances we have provided a typical report extract that is representative of a number of similar reports produced by a variety of retail industry planning specialists.

The content of the summaries and the supporting research extracts will, we believe, help to provide useful building blocks for developing the Chichester City Centre Vision and Strategy.

Note: This report has been prepared shortly after the country has voted to leave the EU. Whilst the majority of trends identified in this report won't be affected and remain still very relevant, some of the economic outlook data and forecasts referred to may change over the next few years as the economy rebalances to a different trading environment, and rebuilds.

2 Consumer Trends

Consumer behaviour continues to change and in the wake of technological advancements it is changing at a rapid pace.

Consumers are demanding ever increasing 'convenience', shopping needs to be an 'easy' experience and "when it suits me". With the advent of the 'connected consumer', consumers want and expect to be able to buy anytime and anywhere.

Home delivery has brought its own issues, in that the recipient needs to be at home to receive the delivery often at a committed time slot, this is contra to the trends in ease and convenience and evidenced also in part by the growth of click and collect.

Discounters like Aldi and Lidl have reminded us of the benefits of 'shopping around' and not just for convenience goods, but in a general search for 'value'. Big food stores have also, in some respects, become 'too big to shop' and therefore take up too much time, with smaller local stores becoming quicker and more 'convenient'. Food shopping has fragmented into big shopping trips and 'top up'; will non-food shopping (comparison) follow this pattern?

Despite the ability of online to satisfy retail requirements quickly; consumers are increasingly looking for meaningful 'experiences' and personalisation; human interaction also remains an important factor.

The boundaries between shopping and leisure are becoming ever more blurred, with opportunities to combine leisure, eating and drinking and to 'make a day of it' adding to the appeal of destinations.

The ageing population is well documented and this along with the importance of 'value' are two factors that will continue to influence retail and the role of town / city centres in the future. 'Value' is relative and should not be confused with 'cheap' and poor quality. One of the leading and most 'desired' retail brands is 'never knowingly undersold'.

Consumers, even though overloaded with technology, are still visiting shops.

Understanding your customer base; anticipating what customers want and providing it to them will need to be at the heart of any retail, town or city centre proposition.

Ease of shopping extends to facilities in town centres, including ease of access, information provision, car parking and adjacencies / connectivity.

Customers are increasingly able to choose to go to a location, for many other reasons than the list of retail names present and the size of the stores they trade from.

2 Consumer Trends: Supporting Evidence

An Ever-Growing Demand for Convenience

Source: Industry Property and Planning Specialists

Traditional pattern of convenience shopping is changing, with a move away from undertaking a weekly main food shop and then topping up sporadically. Instead people are starting to undertake a greater number of smaller yet more frequent trips to a variety of locations.

- Constrained expenditure has driven shopping around at a number of different destinations.
- Using big food stores for basics plus specialists for items such as meat and fish.
- Internet shopping / delivery services mean a growing proportion secure their basics this way and then top up on fresh fruit, meat, fish, etc. as and when needed at a variety of locations.
- These shopping habits are reinforced by community focused initiatives and street markets.

Source: TRB Future of Retail Bulletin (packaging article)

Statistics show that reliance on the traditional weekly 'big shop' is diminishing and shoppers are instead making regular, sometimes daily, visits to smaller convenience stores to meet the demands of increasingly busy modern lifestyles.

- It is estimated that as consumers continue to be time-poor, changes in the way they choose to shop will see convenience stores grow by 22% to £20.2bn by 2020. Similarly 'meal for tonight' purchases will increase by 50% to £2.7bn and purchases of often warm 'food to go' is expected to rise by 60% to £8.3bn.
- Figures from CBRE show the four big grocery retailers now run almost 3,500 convenience stores or small stores such as; Tesco Express / Metro, Sainsbury's Local, 'M' Local and Little Waitrose. Arguably growth in convenience stores has had more impact than online as it has encouraged a change in shopping habits – it has encouraged people to fragment their shopping.

Internet and advances in mobile technology are increasingly affecting shopping behaviour

Source: Multifunctional Centres: a sustainable role for town and city centres, Institute of Place Management (2016)

- Expansion of internet shopping has been particularly influential in the development of a new wave of convenience culture.
- New convenience culture also reflects a time-poor, often on the move society, that is more conscious of the local economy and sustainability.
- Although statistics vary, depending on what is included, the UK is the market leader in the share of retail spend that has gone online, according to Centre for Retail Research.

2 Consumer Trends: Supporting Evidence contd.

Internet and advances in mobile technology are increasingly affecting shopping behaviour contd.

Source: *The Omnichannel Opportunity, Deloitte (Feb 2014)*

The Deloitte report talks about 'the connected consumer'. *"Connected consumers want to be able to buy, anytime, anywhere"*. Omnichannel retailing responds to this trend by seeking to provide a flexible and seamless shopping experience. Awareness generated through websites, apps and online marketplaces is considered to create a positive effect across all sales channels, not just online.

- Around 95% of the non-stores sales are incremental to stores sales (for the retailers analysed).
- UK Women's dresses – retailers with a smaller store footprint and those with a higher share of non-store sales, captured a higher level of incremental value from non-store sales.

Source: *The Retail Bulletin (TRB) May 2016*

New research suggests that retailers are playing catch-up with how shoppers want to interact with them. Based on Savvy Marketing's poll of a 1,000 householders;

- 95% of adults that have access to the internet have shopped online at least once in the last 6 months.
- Despite the convenience of online, the research found that around half were more likely to shop impulsively instore than online.
- Only a fifth of UK shoppers said they believed that the high street / shopping centre closest to their home had improved in the past 2-4 years and 40% thought it had declined.
- 59% of shoppers said they did not visit traditional stores as much as they used to because of online shopping.
- 79% thought physical retailers needed to do more to attract shoppers to their stores.
- However 91% thought there will always be a place for physical stores and 85% said that online retailers can never recreate the experience of shopping in a store.
- Human interaction is important when shopping and there was a strong sense of nostalgia.
- 75% of shoppers think they will do the majority of their shopping online in 10 years' time. Over the same period, 60% also think the high street will not exist as we know it.

Alastair Lockhart, Insight Director at Savvy, quotes;

"There's no doubt about it, demographic shifts, improving technology and retail innovation will ensure the continuing growth of online retailing, but reassuringly, the high street and shopping centres will still have a role – albeit a different one – to play. The bottom line however, is that retailers can ill-afford to stand still and rely on a long standing customer base. Instead, they must evolve with the times and reinvent themselves."

2 Consumer Trends: Supporting Evidence contd.

Future proofing tomorrow's shopping experience;

Source: The Retail Bulletin (TRB) Future of Retail

3 emerging trends as defined by Sue Benson, Managing Director of The Market Creative in The Retail Bulletin's Future of Retail and what they mean for retailers and how they can help future proof the shopping experience;

- 1) ***Know me, Love me*** – particularly prevalent among Millennials. Reflects the high expectation that once shoppers have provided information about themselves, they expect to be known and recognised – to be loved. Reward these shoppers with tailored and personalised marketing, products and offers.
- 2) ***People as Collaborators*** – Demise of the retail worker; BRC figures forecast 900,000 job cuts by 2025 as a result of increasing costs from the rising National Minimum Wage, the Apprentice Levy, changes in buying behaviour and technological advancement. Retailers will need to think differently about the role of service staff, of which the shape will undoubtedly change. Less involved in the facilitation of transactions, instead becoming key collaborators with customers in a prime position at the front of the service chain. Experts in their field, centre of your community, curators of advice...differentiation giving shoppers a reason to engage.
- 3) ***Consumers in Charge*** – Turning this challenge into an opportunity. Brands that will win will focus on and cultivate shopper demand for convenience. Make it as simple, easy, enjoyable as possible to shop; wherever, whenever, however. "One button" shopping is gaining traction in the US and over the next 5 years the UK is expected to follow suit. Examples; Amazon's Dash Button and Push me Pizza App, along with tailoring products to personal preferences, e.g. Shoes of Prey (Custom Shoes), Mixmyown.com (mix own cereal), design roof of your own mini cooper. Includes 'sharing' on social media especially Millennials. The DigitasLBI Global Survey reported 35% of UK social media users have shared a purchase via their social network.

Customer Service is Key to a Brighter Future

Source: The Retail Bulletin Future of Retail

Where once a negative experience may have been shared with 5 people, an issue aired on Twitter or Facebook has the potential to reach high volumes of people in a very short time. The way customers interact with retailers is changing. The customer wants and expects dialogue with the brand on an ongoing basis. Anticipating what customers want and providing it to them – can be the differentiator that breeds loyalty, recommendations and repeat purchase.

While customer service has always been very important, it has become even more so.

2 Consumer Trends: Supporting Evidence contd.

Getting to Know Your Retail Tribes

Source: The Retail Bulletin Future of Retail

Discusses the need to identify the tribes that make up your customer base. Then, to create the ultimate retail environment for them, you will have to be able to understand their motivations, IT habits and general psychology.

Does everybody want stores to have the latest gadgets? - Iris recognition, smart changing rooms, near field comms and clothing that can read your moods?

UK as a whole is one of the most technophile places on the planet. Not only are the British early adopters, they are also largescale consumers, with an appetite for techno products. In a population of just 64 million there are 32m contactless cards in circulation, 83m mobile phones, 84% of Brits have internet access, 29% of adults own a tablet and 25% of that group use their tablet to shop. A staggering 60% use the internet to buy products, such as food, clothing, music or holidays and more than half of mobile owners use their phone to search for information while out shopping.

It's becoming even less about demographics but about being 'like-minded'. For example, key tribes identified by rpa:group (interior design and construction consultancy specialising in retail leisure and workplace projects);

- a) Style conscious tribe
- b) Value tribe
- c) Urban chic tribe
- d) The collaborators tribe
- e) The iconoclasts tribe, etc.

Which technology is relevant or of interest to your customer tribes?

Seeking a Meaningful Experience

Source: The Retail Bulletin Future of Retail

"With the ever growing emotional and interpersonal isolation brought by the exponential growth of the technology, consumers are increasingly longing for meaningful experiences and relationships."

A Bluewater example – 'delivering enjoyment'. Described as more Disneyesque than traditional shopping centre. Includes treating visitors as guests along with a series of statement stores. They regularly measure and monitor effectiveness of what they're doing almost in real time. So far have collected insight from more than 12,000 people.

Enjoyment is becoming a valuable driver of Bluewater's commercial success.

Research has highlighted the importance of Bluewater's hosts and concierge staff in driving sales. Guests who interact with a member of the Bluewater team for example, are 39% more likely to spend more than £200 than those who do not.

Experience-led initiatives through commercial partnerships (Lindt chocolate example).

Bluewater set CACIs industry benchmarks for consumer retail spend, catering spend and dwell for the 4th year running.

2 Consumer Trends: Supporting Evidence contd.

Ageing Population

Source: Multifunctional Centres: a sustainable role for town and city centres, Institute of Place Management (2016)

Increase in the population of older people is well documented. People are becoming healthier and more active; proportion of 65+ will rise from 17.7% to 23.5% in 2034. This group 'silver surfers' are also becoming more techno-savvy. We live in an ageing society, with the median age of the population expected to rise from 39.7 in 2010 to 42.2 years by 2035.

- In 5 years' time there will be half a million fewer teenagers and young adults.
- In 10 years' time there will be 3 million more people aged 70 and above.
- The proportion of middle aged people will fall.
- In some areas, over half the residents will be 60 or over.
- By 2017 people over 60s will make up close to 24% of the population.

South East is expected to experience strong population growth over the next decade. The South East is expected to see 0.9% p.a. growth in the working-age population between 2010-2020, and overall growth will be above the UK average – ranking it 6th out of the 12. Growth will be greatest in the 50+ population, particularly within the oldest groups. The 65+ group will increase strongly.

Millennials versus Grey Shoppers: Bridging the retail generation gap.

Source: The Retail Bulletin (TRB) Issue 1 - Future of Retail, May 2016

- Millennials = youth age group, "fickle young target audience of "digital natives". They drive fashion – young, energetic, digital and therefore measurable and trackable.
- A few years ago it was all about the power of the grey pound and the ageing population. These audiences haven't gone away, it's just the retail landscape by and large is seduced by the cult of the young.
- In the UK there are over 22m over 55s = over a third of the UK population (36%). Over 50s accounting for 47% of the UK's consumer spending, according to research, equating to £320bn per year (source: Centre for Economic and Business Research and Saga).
- The Millennial audience is the largest demographic in history – a larger audience than baby-boomers at 92m individuals (source: Goldman Sachs).
- British Banking Association has found that 'Silver Surfers' are fuelling mobile and digital banking growth.

The audience (older consumers) is there, they are discerning, they have money to spend and often evolving multichannel offerings are not giving them the shopping experience they want.

Personalisation

Source: The Retail Bulletin (TRB) Issue 1 - Future of Retail, May 2016

Given many retailers stated focus on personalisation it seems clear that offering this group a curated experience based on their individual needs and preferences is likely to pay dividends. Importance of the supply chain within the business world is set to grow. Amazon's trialling of one-hour deliveries and drones and its expansion into fresh, chilled and frozen food raises the bar for all retailers. Once customers get used to expecting to have their order delivered in full in 60 minutes they then become increasingly reluctant to settle for anything less from other suppliers.

2 Consumer Trends: Supporting Evidence contd.

Emerging Consumer Trends

Source: *Town Centre Futures: An ATCM Thought Leadership Paper Prepared with Experian Marketing Services*

The ATCM report identifies five consumer types;

1 Getting Older

“Focus on good service and leisure, in nice, safe, local places”

2 Expect Choice

“Want to be able to shop and live on own terms. Businesses must meet ‘our’ needs – anywhere and anytime”

3 Use Technology

“Technology is a part of life, use it for information, shopping, socialising, and deal hunting”

4 Driven by Value

“New outlook, less credit, high costs, depressed income”

5 Want Experiences

“Leisure is important. Want places that offer unique retail, cultural, social experiences”

2 Consumer Trends: Supporting Evidence contd.

Key Pillars of Long-term Customer Loyalty

Source: *Dunnhumby Customer Centricity Index (CCI) March, 2016*

Extensive research identifies 7 key pillars of long-term customer loyalty for offline and online retailers.

Cites a customer-centric approach as being essential to success.

7 Key Pillars for Offline – each represent an aspect of the customer journey. There are lessons here for the city / town centre as a whole and its retailers.

1 Affinity

Creating an emotional connection with customers. Trust in the brand see themselves reflected in the values communicated by the brand.

2 Range and Layout

Offering quality products and presenting them in an appealing way.

3 Relationship

Knowing and engaging your customers. Personalising comms and encouraging feedback.

4 Price

Creating a suitable customer value proposition.

5 Promotions

Offering relevant promotions, easy to understand, on good products and a genuine financial incentive.

6 Communications

Talking to customers in a relevant and personal way.

7 Rewards

Rewarding customer loyalty.

The main levers for good customer brand perception are; Affinity and Range and Layout.

3 Retailer Trends

There is a dichotomy emerging in terms of retailers' requirements going forward. While it seems likely that retailers will pursue smaller and / or more efficient store portfolios there is also a requirement for bigger and better stores in the larger towns / cities and shopping locations.

Successful quality brands do continue to expand, e.g. JLP / Waitrose, Next, Zara and H&M.

There are also new players on the scene as even pure play (on-line only) operators are seeing the benefit and potential to their brand of physical stores.

Retailers are increasingly exploring diversity in both store formats and retail channels as well as new product categories and 'mix' of categories. Large format store brands are opening smaller stores and small shop brands are increasing their store sizes.

Other different types of operator are also opening stores in town / city centres from farm shops to Dyson!

What is the new multichannel? - It's an emerging mix of all formats; town centre, online, mobile, home delivery, click and collect and out of town. The most successful retailers offer the full set. In some instances different product categories being better suited to different channels.

Retail needs are essentially falling into two groups; 1) value, basics and essentials and 2) quality, desirable and discretionary.

The final part of delivery to customer still remains to be solved, with challenges around practicality and costs.

While value operators are perceived to continue to drive expansion, aspirational retail brands are also demonstrating growth potential.

People and the service experience are key to the success of bricks and mortar stores.

'Retailers' as a group now include many other types of offer, such as F&B which has seen considerable growth, with F&B now an integral part of any retail offer. Service providers, particularly beauty and personal grooming are also expanding in town and city centres.

F&B and leisure are, and will continue to play, a very important role in the appeal of town / city centres, enhancing the visit experience 'beyond retail'. This leisure role also provides another aspect of the 'multi-functional town centre' and thereby an additional reason to visit, while extending dwell time and encouraging social interaction.

Retailers, it is clear, can ill afford to stand still; and so therefore neither can town / city centres. There are lessons for town centres from the big regional malls in terms of the evolving emphasis on high service levels and quality shopping experience along with effective stakeholder collaboration, working as a whole for the benefit of all.

3 Retailer Trends: Supporting Evidence

Overview of retailer trends and sources;

Source: AlixPartners Growth Retailer Report 2016 in partnership with Retail Week

- Black Friday and associated discounting behaviours are here to stay; the consumer discounting psyche is ongoing.
- Multichannel developments have underpinned the growth of many retailers.
- The increasingly multichannel world means that retailers can get by with smaller store networks.

Source: Industry Property and Planning Specialists

- Pace of expansion has slowed for convenience sector, with major food stores easing their drive for large format stores. Small convenience stores have proliferated.
- As usual low rents and the wide availability of car parking are fuelling the attractiveness of out-of-centre locations for operators such as; Next at Home, John Lewis at Home, etc.

Source: Multifunctional Centres: a sustainable role for town and city centres, Institute of Place Management (2016)

- Across Europe online retailers are expanding 14 times faster than traditional outlets. UK is said to have an oversupply of retail floorspace.
- Retailers want fewer stores in total but bigger and better shops in the larger towns and cities.

Source: Retail Myths Exploded (2015) Savills

- Retailers are becoming more aware of the role physical stores can play showcasing product and the brand, even though transaction may take place on line
 - Multi-channel stores report better sales than pure play; 21% year on year as of June 2015 as opposed to 13%.
- Growth in click and collect. This segment of the online retail market has been the fastest growing. Accounting for an estimated 18% of total online sales last year. 4 x what it was in 2010.
- Online to offline – pure play retailers opening physical stores.
- ‘Pure Play entering physical stores, others may explore smaller stores ‘shop windows’, e.g. Argos is trialling. For some locations it may mean store size requirements increase. Click and Collect could see retailers accommodating an ever growing volume of stock in store (likely to be confined to those key retail centres that are more likely to act as Click and Collect Hubs).
- Increasing number of retailers require further portfolio expansion in order to drive investment returns (report mentions; Pure Gym, Evans Cycles, Byron Burger and Poundworld – who are all under private equity ownership.)
- Expanding sectors include value but not just value
 - Mass convenience retailing including Greggs and Holland & Barrett
 - But outpaced by the growth reported for the ‘Aspirational’ retail sector (16.8% growth). Brands include; Cath Kidston, Hotel Chocolat, Lakeland, White Stuff, Hotter Shoes, Carluccio’s, Cote.
 - Report states that it expects the ‘Aspirational’ retail sector will continue to expand.

3 Retailer Trends: Supporting Evidence contd.

“Value will continue to be the powerhouse of occupier expansion as consumers remain enamoured with value. Aspirational retailing will provide an added boost to occupational demand in key regional centres and market towns.”

Getting Ahead of the Curve

Source: TRB Future of Retail

Death of the Vertical Retailer – not solely new stores but exploring other avenues with as little risk as possible – opening concessions or wholesale agreements. Traditional high street retailers are becoming B2B suppliers as they open up ever more channels stocking their products across the web.

- Amazon and eBay have nearly 800 million unique visitors per month between them- “who can say no to that many consumers!”

Most popular types of promotion

Source: TRB Future of Retail (news)

Reports research from American Express of 200 in-house marketing decision makers;

- Nearly a third of businesses surveyed did not use vouchers (paper or digital) in any of their promotions in 2015.
- Most popular were money off specific products and / or a percentage off or back.
- Buy one get one free favoured by only 9%.
- Retailers are hungry for more data to help them deliver the most relevant offers to their customers.

Leisure Trends including F&B

Source: Industry Property and Planning Specialists

- Average household expenditure grew substantially (1984 – 2005) more than doubling, it has since slowed with some sectors nearing saturation (Bingo halls and multiplexes for example).
- Eating and drinking out of home has proved the most resilient; having proven the most popular activity that people undertake on a regular basis. Eating out market has grown by 8% 2008-2013.
- Cinema going is the second most popular activity; more recently a current trend for smaller cinemas with fewer screens in town centre locations.
- Coffee culture continuing; coffee chain sector growing at a rate of 6% annually since 2012.

UKs Favourite Fast food Restaurants and Coffee Shops

Source: TRB Future of Retail (news)

Reports research conducted by Market Force Information which polled more than 4,565 UK consumers;

- No.1 Five Guys (taking spot from Nando’s).
- Cafes No.1 Pret (2nd year running) and No.2 Caffe Nero.
- Article also notes that the research identified that 1 in 8 revealed dissatisfaction with their experience in a café.

3 Retailer Trends: Supporting Evidence contd.

F&B being categorised in the same way as other categories as sector grows

Source: Coverpoint

“Coverpoint categorise foodservice units into 5 specific types. Each category encompasses a range of different units, but includes those with similar characteristics, similar in appeal, focus and menu provision. The key categories in any Town Centre environment are:”

1) Refuel and Relax

Refuel & Relax is not about main meal eating, the focus for both the user and unit is on having a drink, perhaps a snack and a short break in a pleasant environment before continuing the focus of their day.

Branded operators in this category include Caffe Nero, BB’s Coffee & Muffins and Costa.

2) Speed Eating

Speed Eating encompasses any food that can be purchased and consumed quickly, which can mean freshly prepared salads, homemade soups and made to order bread based products. The key demand from users of Speed Eating is speed of service, as users are time poor. There should be minimal time delay in serving the guest, preparation of product and consumption of the food.

Branded operators in this category include Greggs, Pizza Hut (takeaway), McDonald’s, KFC and Subway.

3) Leisure Dining

This is the broadest category of foodservice and can incorporate a number of food styles and types. The ambience and environment in Casual Dining is as important as the food, drink and service provided. Leisure Dining is not cheap but does provide a ‘value for money’ offer.

Branded operators in this category include Prezzo, Frankie & Benny’s, Noodle Nation and Pizza Express.

4) Finer Dining

Finer Dining is destinational, it is at the highest end of the foodservice provision. Food is not just consumed for its nutritional or refuelling properties, but forms part of an overall experience.

The surroundings and the way in which food is served and presented are to the highest standards. Finer dining is predominantly main meal focused but can include an element of snacking.

5) Social Drinking

This category incorporates Public Houses, Style Bars and Café Bars, but does not necessarily have to be alcohol led.

Branded operators in this category include JD Wetherspoons and The Slug & Lettuce.

The retail landscape has and continues to evolve and change – it remains in a state of flux. A clear understanding of what is, has and continues to drive change will help underpin a future successful town / city centre strategy. The ability to adapt and react quickly and readily to these changes is key to future success. Standing still is not an option.

There is also a realisation that successful town centres will be those with multiple purposes and multiple reasons for use and drivers of ‘footfall’.

Online will always be ‘part’ of the mix of retail activity, as will out-of-town and edge of town.

Currently many town / city centres have the wrong type of space. Addressing this with flexible and adaptable policies and interventions will be a key challenge. There is a role for local authorities to ‘facilitate’, providing the right space and environment for different formats. Wrong type of space includes small units in the core retail areas, as much as poorly occupied tertiary space. However the hue and cry of 15% vacancy rates has subsided, as new occupiers have emerged and town centre boundaries are adapted.

National planning guidance is focussed on town centre first, then accessible adjacent sites and even remote sites should be accessible to town centres.

There is an ongoing role for out-of-town retail, but this needs to be a symbiotic relationship with the role of town centres - a complementary one, serving the needs of those retailers that require large-scale retail space, easy access and on-site parking, to provide a destination offer.

The Government’s decision to limit the use of mezzanine space in out of town retail sheds was implemented to help tip the balance of favour back towards town centres.

London and the South East continue to outperform other areas, with Chichester cited in the top 3 for rental growth.

The success of town / city centres of the future hinges on multi-functionality, diversity and understanding the role that towns / city centres can play in encouraging dwell time and social interaction; while ‘convenience’ remains the watch word at the heart of the town centre’s appeal.

Understanding what drives the footfall in a location is vitally important and where retail is a key driver this needs to be maintained and built on, not lost. An important future objective therefore is understanding the drivers of footfall and to keep and grow these.

Town centre ‘content’ will continue to change and evolve, with ‘content’ much more than just shops and businesses - environment, markets, leisure, facilities, residential and other factors are increasingly contributing to the appeal of the location, making it a desirable place to visit and use on a regular basis.

Local Authorities will need to identify how to facilitate the provision of suitable offer, accommodation and facilities.

The retail offer is important to town centres and the national planning advice is to support town centres, through increasing the offer and diversity of the mix.

4 Town Centre Context: Supporting Evidence

Accepted National Trends

Source: Industry Property and Planning Specialists

- Role of town centres has undergone dramatic change over the past 30 years.
- Over-prioritising of retail in town centres has led to offices and key civic uses being located out of centre, this in some cases has led to reduced activity, footfall and vitality.
- Squeezed expenditure and drive for value has led to growth of deep discounters filling anchor roles in some centres.
- Emerging from recession but growth is at a slower rate than previously.
- Economic downturn has had a major impact on the retail sector nationally.
- Special forms of retailing (including all non-store retailing) is increasing; in 2013 it was equivalent to 11.5% of total retail, Experian predict this to be 11.9% by 2020 and for comparison goods from 14% to 15.5%.
- Home delivery has become commonplace in the convenience sector. This trend is undermining the anchor role that large food stores traditionally fill in well-configured centres.
- Home delivery of comparison goods resulting in increased leakage and reducing the amount of expenditure that can support local traders on the High Street.

Source: Beyond Retail, Retail Taskforce / BCSC

- Drift away from the High Street.
- Expansion of retail warehouse parks.
- Significant non-food ranges sold by supermarkets.
- More recently removal of bulky goods planning restrictions on first generation retail parks – examples of locations now including; M&S, Next, H&M, Argos, Boots, New Look.
- In many cases town centres have the wrong type of space; lacking the large units to allow showrooming, full range merchandising, high levels of technology and an improved shopper environment - with larger centres and out-of-town the beneficiaries.

“Out-of-town retailing remains popular with national retailers where they can comply with planning restrictions on the range of goods sold. While planning policies have slowed down the growth of out-of-centre retailing, the sector continues to mature and move away from bulky goods retailing to the provision of large two level stores providing fashion and homewares. Continuation of this trend will further challenge the future vitality of many high streets.”

Source: Multifunctional Centres: a sustainable role for town and city centres, Institute of Place Management (2016)

- In town centres have struggled to compete with out-of-town developments as traffic congestion, older retail environments, non-family friendly spaces, lack of car security and car parking charges have made town and city shopping centres less attractive.

4 Town Centre Context: Supporting Evidence contd.

Accepted National Trends contd.

Source: Policy Implications of Recent Trends in the High Street / Retail Sector (2014), Department for Innovation and Skills

- Increase in vacancy rates over the last decade.
- 2008/9 recession and subsequent slow growth has had most impact on centres already struggling.
- Charity shop floorspace has increased over the past decade (medium sized centres most susceptible).
- Independently owned floorspace also risen.
- Size of centres remained stable over last decade = little or modest physical change.

Recent Trends in Retail and High Street Use – Drivers of Change;

- Technological advances (reduced demand) for retail space.
- Large-scale switch to discounters.
- Consumers increasingly seeking a ‘shopping experience’ (tends to favour larger, high quality destinations).
- Rising popularity of out-of-town for purchase of larger items, e.g. furniture.

The report considers that these trends have had a negative impact on high street footfall, spending and vibrancy.

Source: Town Centre Futures Report (ATCM)

- Footfall decline.
- Vacancies.
- Convenience stores, leisure, cafes and restaurants have seen rapid growth in some areas.
- Durability of UK upswing looks increasingly assured. Experian GDP growth forecast at 2.6% and 2.5% in 2015.
- Population change.
- North / South divide in terms of growth and expansion with London and the SE outperforming the rest.
- Rise of online shopping.
- People engaging with online retail differs between locations. London high level of technologically aware vs. Midlands with value driven bargain hunters and ‘internet entrepreneurs’ (e.g. using eBay).

Summary of key issues facing town and city centres

Source: Town Centre Futures Report (ATCM)

Town centre decline well researched as are the causes namely;

- Pressure on consumers and businesses in the wake of the economic difficulties after 2008.
- Problems of governance and town centre policy making.
- The rise of large format retail, out of town and supermarket competition.
- Emergence of multi-channel consumption, particularly ecommerce.

4 Town Centre Context: Supporting Evidence contd.

Summary of key issues facing town and city centres contd.

There is a need to be forward thinking not backward looking. 2012 Town Centre Futures Paper focused on 5 related drivers of town centre change up to 2020;

- An ageing consumer base.
- Rapidly changing consumer behaviour.
- Economic uncertainty.
- Local resilience (business, community, place and people).
- Technological change (specifically digital and e-commerce).

Last decade has seen significant change in town centre occupation. Latest Experian data shows some of the categories that have experienced the greatest declines.

| Categories | Change in Total Units 2004-2012 |
|---------------------|---------------------------------|
| Music Shops | -45% |
| Greeting Card Shops | -32% |
| Travel Agents | -31% |
| Off Licences | -21% |
| Bookshops | -19% |
| Pubs | -8% |

On the other hand certain categories of town centre occupiers have undergone significant growth.

| Categories | Change in Total Units 2004-2012 |
|--------------------|---------------------------------|
| Convenience Stores | +153% |
| Cafes | +75% |
| Betting Shops | +43% |
| Charity Shops | +34% |
| Fast Food Outlets | +30% |
| Restaurants | +20% |

- Convenience store growth is a sign of the growing trend towards a 24/7 retail culture.
- Growth in cafes and restaurants indicates the growing importance of retail space as leisure space. These uses encourage dwell time and social interaction. Also demonstrates the role that town centres continue to play in promoting leisure and socialising.
- Charity shops = constrained finances.
- Betting shops = growth in both online and offline gambling.
- Economy is discussed as experiencing growth now post-recession, with growth in earnings and employment and a buoyant housing market. The view is that the challenge for town centres and retailers is maximising the potential of this growth. (This now needs to be viewed cautiously.)
- London and South East both ahead of UK average in terms of growth (3.1% and 2.9%). East of England also slightly ahead at 2.6%. UK average is 2.5%.

Source: *Retail Myths, Savills (2015)*

- Outside of Greater London the top performers for rental growth are forecast to be; Winchester (3.4%), Bath (3.2%) and Chichester (3.1% p.a.).

5 Retail Outlook

The high street is still a proven destination but adapting it to changing consumer behaviour and to retailers' needs is paramount to future success; being flexible and adaptable not rigid and stuck in past policies and procedures is essential.

Convenience consistently tops the list in operator surveys The Retail Group has undertaken nationwide, as the main reason for visiting a location. Convenience is the high street's biggest asset, the challenge is identifying ways in which to make your location 'ultra-convenient', so that it is the easy choice.

Increase in the proportion of consumers of working age is the real driver of change and is potentially being missed by many. These shoppers have a heightened requirement for convenience, they are time poor, 'ease' is important and they value their leisure time.

Shoppers are still heading out of town, to those centres that either provide a strong reward, or to the schemes that are relatively quick and functional in terms of use and offer.

Retailers will also choose to locate in out of town locations where no suitable in town space exists or a single store can have wider appeal as a result of access.

However research is showing that city centres and town centres remain popular locations for consumers for a variety of purposes. The variety of potential uses is a core strength for traditional retail centres of all sizes.

'Click and Collect' potentially has an important role to play in driving footfall into town and city centres. Driving this footfall into both stores and centres has a positive effect on turnover not just for the individual store but surrounding operators and the centre itself.

Shoppers like to shop, they like to go 'shopping' but increasingly they like to combine it with leisure and to 'make a day of it'. The focus going forward is less on 'retail', with town and city centres becoming multi-functional with a more diverse offer. The right type of catering, food and beverage, and associated leisure offers is key to healthy town centres.

Speciality towns (of which Chichester is identified as an exemplar for others to emulate) are identified as growth and sustainable centres.

Local Authorities have a bigger role to play in exerting control and helping to bring about well-planned change.

5 Retail Outlook: Supporting Evidence

High Street is STILL a destination

Source: Deloitte, High Street Review – October 2013

“High Street remains a key destination for many customers”

“The majority of consumers use the High Street as a main destination for top-up food, grocery shopping, health and personal care and clothing and footwear”

“Research also shows that for the majority of consumers the High Street is the main destination for services such as banking or leisure and visiting coffee shops”

“A large proportion use the High Street for eating or going out”

“Parking remains a controversial issue, especially cost...it is a critical feature in the reinvention of the High Street, if it is to become a place for people to pick up goods purchased on line”

Adapting to Local Demand

Source: Deloitte, High Street Review – October 2013

“Consumers need to be brought back to the heart of every proposition in the High Street”

“As the grey pound becomes more important, an ageing consumer base will increase the requirement for accessible facilities, health services and public conveniences”

“57% want to see more independent stores and one in two want more specialist grocery shops, such as a baker or butcher”

“Nearly half of consumers would like to see more community activities such as festivals and markets in the High Street”

Growth of Click and Collect

Source: Industry Property and Planning Specialists

- Click and collect has the potential to contribute to the levels of vitality on the High Street.
- Distinction between online and instore shopping channels is becoming less clear cut; click and collect and multi-channelling means that bricks and mortar stores will continue to play an important role in enhancing the shopping experience.

Town Centres Fighting Back

Source: Shopping Centre News ‘Town Centres Fight Back’

- New research reveals shoppers still favour their local town centre over online shopping.
- BRP (Bracknell Regeneration Partnership) surveyed 2,000 shoppers around the UK, with over half (68%) claiming to visit their local town centre more than or as much as they shop online. Over half of those polled (54%) visit their town centre at least once a week, with one in ten visiting every day.
- Over three quarters (83%) of those polled choosing to shop online more than they did 5 years ago.

5 Retail Outlook: Supporting Evidence

Town Centres Fighting Back contd.

- Online shopping is most popular with younger shoppers, with over half (69%) of under 34 year olds shopping online more or as much as in-store, while 51% of those aged 35 and older preferred to shop in store.
- Research finds that convenience is the town centre's biggest asset, with almost half (47%) of those polled citing easy access as the best aspect of the town centre. The leisure offering is another important asset to the town centre, with over a quarter (26%) of young people saying that they like to make a day of it when shopping in their town centre, visiting F&B and leisure facilities as well as retail.
- In-store technology also plays a part in enhancing the shopping experience with 83% of those polled using some form of technology as they shop and almost a quarter (22%) using Wi-Fi while shopping. The younger age groups are the most technology savvy when it comes to shopping, with 80% of 18-24's using tech in some way compared with over half (52%) of people aged 55+ who don't use any technology in their shopping experience at all.

The results demonstrate that online shopping is more frequent in younger adults, but that a good mix of experiences, such as F&B and leisure, and use of technology, can help draw these shoppers to their town centre.

Reduced operators' space requirements

Source: Industry Property and Planning Specialists

- Major retailers are likely to pursue a cautious expansion programme in the short-term.
- In the last 20 years retailers have been slowly consolidating in a smaller number of larger centres leaving small and medium centres struggling to attract investment and representation. This pattern has been exacerbated recently as multiple retailers have reduced their floorspace requirements by using a combination of a few large flagships supported by smaller satellite shops and strong online presence.
- Role and function of town centres set to shift from being primarily a shopping destination to more of a leisure-centric and community orientated destination. Positively responding to these trends with policies that support adaptability will be key to successfully driving footfall and vitality.

Multi-functional Centres

Source: Multifunctional Centres: a sustainable role for town and city centres, Institute of Place Management (2016)

- After several decades of mono-functionality focused on retailing, centres are re-emerging as multi-functional ones, supporting leisure and recreation, employment, tourism, heritage, culture, housing, education, health and wellbeing as well as retail.
- A multi-functional centre means a diverse offer, they draw people in for a 'bundle of benefits' not just shopping.
- The need to diversify what town centres offer has been widely recognised – as also referenced in the 'Beyond Retail' Report.
- For the multi-functional centre 'activity levels' are the new KPIs – how much is the centre used, when and for what?

5 Retail Outlook: Supporting Evidence

Multi-functional Centres contd.

- Requires stakeholders to work together to deliver a better, collective experience – an engaged community can be an important asset.
- Catering for the needs of the ageing population, such as wellness services, restaurants, entertainment services, cafes, high class products and good store and car parking facilities.
- New era of multi-channel retailing, coupled with the increasing techno-savviness of today's consumers poses a great opportunity for retail locations to integrate multiple channels into the shopping experience.

The report uses footfall signatures (extensive analysis over 3-years) to identify the different ways town and city centres are being used and provides clues as to how the centre can better meet their needs. There are four town types identified, Chichester would be a Speciality Town;

- 1) Comparison Shopping Towns
- 2) Holiday Towns
- 3) Speciality Towns – *“need to offer something distinctive and unique”*
- 4) Convenience and Community Centres.

Speciality Towns;

- Used by locals and visitors
- Offer attractive sites for retailers who are re-positioning and perhaps want to provide a reduced but premium offer in a smaller footprint than they may do in a major city centre.
- Likewise they can (access permitting) provide opportunities for showrooms and collection locations for larger retailers.
- Also demand from specialist independents and smaller chains. They may often require affordable but distinctive premises.
- Offer real opportunities for modern market development perhaps incorporating some shop units, restaurants and cafes with underground or roof parking for traders.

Future Outlook and Resilience

Source: Town Centre Futures Report (ATCM)

Challenge for town and city centres is in capturing the upswing in disposable income and in ensuring they continue to offer value for money to price conscious shoppers.

Trend to shop online is growing ever stronger. Experian predict by 2025 as much as £1 in every £5 is likely to be spent online. Ensuring this is a core part of any retailer's offer is key.

Whilst unemployment is declining there are still high numbers of young people who are unemployed. From a retail perspective this will impact on their ability to consume products and services as prior generations have done.

Outlook better in London, the South East and East Midlands. Less so in the North West, West Midlands and North East.

5 Retail Outlook: Supporting Evidence contd.

Future Outlook and Resilience contd.

“Current resilience will set the tone for the coming years, and will make the job of revitalising town and city centres harder or easier dependent on the business outlook”. Poor resilience will have a knock on effect to issues such as employment, local income levels and town centre occupancy.

Impact on Town & City Centres

Source: Town Centre Futures Report (ATCM)

“Although we can only speculate about the impact of demographic change, we can draw a number of logical conclusions. First, the growth in the number of older people in society will have an obvious impact on pension provision and health costs. Considering the elderly have the lowest incomes of any adult age group (although some have significant asset holdings), it is possible the growing size of this group may depress overall consumer spending.

We might also assume certain businesses will benefit from the ageing population such as those providing health services, mobility products, or organised holidays. However, it would be wrong to assume the elderly of the future will behave like those of yesteryear. Indeed, many of the post-war ‘baby boomer’ generation who are now reaching retirement are both technologically savvy, fashion conscious, and driven by a very different moral code than their parents. We should assume they will want many of the same products and services as younger consumers.

An ageing consumer base is likely to increase the requirement in town centres for certain facilities such as good access, health services, and public conveniences. It is also likely to lead to a growing demand for safer and cleaner local environments for socialising and leisure activities, with a focus on facilities such as cafés and community centres. Furthermore, the evening economy may become more important as a means to attract older consumers looking for local entertainment and cultural experiences, beyond the traditional alcohol related activities commonly associated with town centres.

The expected decrease in the proportion of young consumers will also have an impact. For instance, we can speculate this may lead to less demand for particular services, such as bars, which appeal to this group.

Yet, it is the increase in the proportion of people of working age that is perhaps of greatest significance. This group typically encompasses time-poor families, who - as we have increasingly seen in recent years – are value led, a trend which is unlikely to diminish in the face of economic constraints and burgeoning choice, both on and offline. It is fair to assume that this age group in particular will continue to drive the trend towards highly convenient value led retail and leisure for the foreseeable future.”

5 Retail Outlook: Supporting Evidence contd.

Multi-channel and Technology

Source: Town Centre Futures Report (ATCM)

Behaviour varies by region. Experian list the top three types by region – South East ‘Top Three Digital Segments’:

- ‘Newshounds’ – Strong appetite for current affairs.
- ‘Trackers’ – Use internet to track investments.
- ‘Day-time shoppers’ – Online during the day, including Mums with kids at school.

According to a recent google study, the UK is one of the most connected countries in the World; 30% use a tablet and 62% use a smartphone.

‘Right Size’ Development

Source: TRB Retail Bulletin June 23rd features article on ‘New Report: Shopping Centre Plans ditched as UK retail sector reshapes’

Quotes a recent Colliers Report – Colliers International Midsummer Retail Report.

“The market is responding to ‘right size’ in the development pipeline. Shopping Centre schemes are progressing but focused on locations with wide catchment areas and strong demographics.”

There is also a growing trend to extend existing successful centres.

Colliers said the market reports that there is good retailer demand for new out-of-town retailing space in strong locations.

While UK shoppers are increasingly heading out of town to shop, the retail landscape in many town centres remains a concern.

Local Authorities must play a growing part in dysfunctional centres exerting co-ordinated control than can bring change, e.g. formal structures such as the town centre investment zones being proposed by the British Property Federation.

6 Future of Retail

The age of ‘Retail Darwinism’ (as described by one industry leader) perfectly illustrates the current state of play – those retailers and centres that actively adapt and change will fare the best; ‘survival of the fittest’. Some operators will continue to decline, others including the mostly multichannel operators will continue to expand, while other new players will enter the marketplace.

For town and city centres, the aim is to go ‘beyond retail’; retail alone is no longer the lynch pin to a centre’s success, instead the centre has to fulfil a variety of functions attracting and catering for a full range of consumer groups; residents, workers, students, visitors.

The centre also needs to entertain and offer an experience, it needs to be more than ‘just shopping’.

Examples of the major shopping destinations, Liverpool ONE, Bullring, Leeds Trinity, etc. shows evidence of and the reward from providing investment in new space and offers, proactive strategies and collaboration with private and public partners in delivering change and attracting ‘new’ retail names and brands to their locations.

These major locations have all added new dimensions to their offer, bigger stores, specialist niche curated offers, varied food and beverage themes and offers, leisure and even cultural elements.

All of the larger centres have nearby major out of town offers, malls and shopping parks; it is the mix and variety that enables them to compete and attract both retailers and consumers.

The next tiers of centre, the smaller cities, larger towns and speciality towns will need to identify ways to learn and apply the lessons that are appropriate to their town.

Embracing technological advancements and understanding ways in which consumers want to interact with you has become ever more important.

Retail will continue to be an important and core element of town and city centres; it needs to be planned for and improved.

The impact of uncontrolled and poorly managed out of town retail activity has been noted on centres across the country, as has the removal of other town centre footfall drivers such as employment and leisure. Current and future policy guidance is clearly focussed on improving and protecting town centres, whilst enabling change and evolution of the offer.

Retailers are ‘upping their game’, so too must town and city centres.

6 Future of Retail: Supporting Evidence

Liverpool One Case Study

Source: The Retail Bulletin Issue 1 'Future of Retail'

- Much more to shopping than just shops. Shoppers want a day out, an opportunity to socialise with friends, to be entertained and to experience something new.
- Entertainment is key – events programme alongside a good variety of restaurants and leisure facilities.
- Clustering together businesses that feed off each other, creating clearly defined districts.
- In the last 12 months 20 new brands have opened.
- Another growing trend is for retailers to be aligned with owners, working all possible channels as one.
- Retailers are pulling the fulfilment of online purchases back into stores. Some operators contend that for every £1 collected the customer spends another £1 in store. Same is true for operators bringing shoppers into the scheme for click and collect, this can lead to upselling and sales elsewhere or simply increasing turnover in the car park.
- Consumers now leave a “digital exhaust” – the trail of breadcrumbs of every impression, click, view and basket addition.
- Lots of references to ‘Big Data’ – opportunities, pitfalls and complexities.

The Retail Revolution

Source: The Retail Bulletin Issue 1 'Future of Retail'

The article quotes a report from the British Retail Consortium (June 2016) which predicted that the retail sector was facing the loss of 900,000 jobs in the next 10 years. It suggested that up to 74,000 shops could shut in the UK, with already economically fragile areas; such as Wales and the North of England being hardest hit.

Time for Retailers to Work Smart

Source: The Retail Bulletin Issue 1 'Future of Retail'

- Shopper technology is described as only one of the three pillars – product, service and technology – that help maintain structure and deliver success in store.
- Premium retailers are leading the way, in terms of what to expect from the stores of tomorrow. With the benefit of a small ‘flagship’ portfolio and large marketing budgets.
- In the race to bring shoppers the next and the new, retailers forget an overriding consideration – as shoppers, we want to shop. Day to day, most of us want stores to place great retail standards, ease of shopping and personal, attentive service *above* the value of retail teams holstering the latest iPad or placing virtual mirrors in changing rooms.

6 Future of Retail: Supporting Evidence contd.

Omnichannel Opportunity

Source: *The Omnichannel Opportunity, Deloitte (Feb 2014)*

- How can retailers realise the Omnichannel opportunity?
 - Using instore technology to enable shoppers to browse full / alternative product offers and place orders; using the store as a display site, combined with home delivery options; as a collection point for online and mobile; or as an experience place to build loyalty.

“As Omnichannel becomes pervasive, embracing these trends effectively and promptly and continuing to adapt to technology-enabled changes in consumer behaviour can enhance retailers’ competitive positions.”

- How to..? Includes ‘redefining the store’;
 - Retailers will need to re-evaluate their portfolio of retail sites and make the most of stores as part of the omnichannel experience – for example by leveraging technology to enhance the store experience, using some outlets as flagship stores, or adapting some stores to be used as collection points.

“In the Omnichannel environment, the role of the store shifts from driving sales of the product in-store, to being a brand and product showroom that drives revenues across all channels.”

- A survey of British retailers revealed that 81% anticipate a decline in the number of stores, while 54% anticipate decreasing the size of their existing stores.
- Although the role played by stores is changing, stores are still a key component of retailing – brands that previously only had an online presence are now considering opening stores.

“An effective and broad online presence can contribute to driving foot traffic into physical stores.”

Survival of the Fittest – 6 Key Trends impacting the retail experience

Source: *The Retail Bulletin Issue 1 ‘Future of Retail’*

We are living in an age of “Retail Darwinism” – only the fittest, i.e. those that take these developments on board, will thrive;

- 1) Death of the line x 3
 - Shop less by category more by lifestyle, interests and social groups
 - Blurring of line between store and shopping centre = a more integrated experience
 - Death of the ‘hermetically sealed’ shopping zone that turns its back on the community = zones will be more open, integrated with streetscape and urban grain.
- 2) New Players
 - Different cast of players taking space on the high street including online pure players, FMCG brands, media / broadcast brands and entertainment brands.
- 3) Data
 - Lots of new data, creating revenue models by behaving more like a media brand. Turnover rent will be less relevant as more sales will be non-store sales.
- 4) The Collect Experience
 - Click and Collect will become more popular. Collect must become more than just an administrative process at the back of the store – it should be at the heart of the store experience. Expect shopping centres to innovate in this area.

6 Future of Retail: Supporting Evidence contd.

Survival of the Fittest – 6 Key Trends impacting the retail experience contd.

- 5) Integration of food and beverage and retail
 - Shopping in physical stores becomes less about transaction and more about immersion into a brand, learning, personalisation, brand rituals, social networking and entertainment.
- 6) Digital signage
 - In larger stores and shopping centres an opportunity to create branded 'way showing' (as opposed to way-finding) made up of signage elements, gestures, landmarks, landscaping furniture, etc.

7 What could these trends mean for Chichester?

Setting the Scene; Chichester Catchment / Background

Source: Chichester Retail Study, CACI's Retail Footprint model

- Chichester's retail catchment contains 1.1 million residents with annual comparison goods expenditure of £3.0 billion.
- According to CACI's Workday Wallet dataset, an estimated £187,300 per year is spent in Chichester on retail / catering shopping trips originating from place of work.
- CACI estimate that 1.2 million tourist visitors per year are currently being attracted to Chichester, bringing additional expenditure of £20.2 million on retail goods and £5.4 million on catering to the town.
- Chichester has a resident population of circa 27,000 and also has over 3,000 students (2011); dominant age groups those in the 30-59 age bracket.
- CACI estimate that £41.4 million of spend on comparison goods and catering will be generated by new residential development in Chichester's catchment between now and 2016, of which £13.0 million will be captured by the town.
- Incorporating consumer expenditure and population growth, annual comparison goods expenditure being drawn to Chichester is forecast to rise to £539.0 million in 2016.
- Chichester has an affluent ACORN profile; it is dominated by Affluent Greys and has strong representation of Wealthy Executives (the most affluent of all the lifestyle groups).
- Chichester's market size and ACORN profile make it similar to towns such as Shrewsbury, Canterbury, Bournemouth and Eastbourne.
- Compared to similar sized towns with similar shoppers, there is an under-representation of Value retailers in Chichester, balanced by moderate over provision of Premium retailers, which is an advantage for the town. Overall Chichester's market position is predominantly mid-market.
- Overall, Chichester represents an excellent opportunity for good quality mid and upper-mid market retailers and leisure operators to satisfy strong demand, particularly from residents and tourists, and take advantage of current gaps in provision.

Source: Retail Update 2010 DTZ

Describes Chichester as follows;

"Chichester has a very attractive historic city centre, which is an appealing place to visit and spend time. The centre attracts visitors from outside the local area on day trips, but the environment is also geared towards a functioning retail centre for the city itself and its surrounding catchment area."

"The retail units are predominantly contained within historic buildings; and as such are generally at a domestic scale, which is smaller than would be expected from prime retail units in a centre of similar hierarchical significance elsewhere. However, the many small shops add to the charm of the city centre and help to create its unique environment."

7 What could these trends mean for Chichester? contd.

The report concludes...

“The city centre has a delightful and high quality shopping environment, the Cathedral and other fine features, which mean that it attracts many visitors from beyond its natural catchment area. The main weakness of the city centre is the lack of available opportunities for new retail development of larger shops and stores to accommodate the strong retailer demand. However, this is balanced by the large number of small shops, many operated by independent retailers, which substantially add to the charm of the shopping experience.”

There will be a high requirement for stakeholders to work together to create a true multi-functional centre and to ensure an integrated and co-ordinated city centre offer and experience.

Chichester is already well placed, characteristic of a ‘speciality town’ it already has a wide variety of consumer groups and reasons to visit, with an established visitor base.

The ‘multi-function and multi appeal’ of the city centre has helped Chichester to achieve the success it has to date. It is clear that in order to sustain continued growth the established footfall drivers need to be sustained and enhanced. Removal or reduction of major footfall drivers will not only strip out elements of the city’s appeal, they will also impact on the remaining offers’ performance.

Chichester has strong demographics and a proven multi-purpose / multi-consumer group base, but must not ‘rest on its laurels’. It will need to continue to expand the mid-market, quality offer in all sectors. Issues and challenges include small shop units which will appeal to some, but how can it also provide some additional larger city centre ones for others? The Council will need to consider all opportunities to identify ways to increase the city centre provision and offer. Future policy will need to focus on city centre first, with innovative solutions to the provision of suitable trading space for the already identified demand.

The dynamic nature of the sector as demonstrated by the research means that continually improving and enhancing the city centre offer is essential. Improvements to choice and offer, delivering value and quality, ensuring integration and ease of use and creating an enjoyable ‘experience’ – one that people want to repeat.

Chichester needs to expand its multi-channel appeal and this might include additional edge / out of town facilities for appropriate operators and activity, those operators that do not typically occupy town and city centre space such as; large sports, active leisure, home, electrical stores. The additional out of town provision will need to be provided after improving the core city centre, as a second priority after the city centre enhancement.

Future policy and planning controls will need to be in place to support the city centre and adjoining opportunities, and limit any out of town activity.

Understanding the important role that digital and social media now play in information finding, recommendation and social interaction whether this is via websites, provision of City Centre Wi-Fi access and / or creating a destination that can be ‘liked’ raising the profile and awareness of the location will drive visits and increase appeal.

7 What could these trends mean for Chichester? contd.

- Consumers want experiences.
- Consumers want multiple rewards or reasons for using a centre.
- Consumers seek reasons to choose a centre; they are looking for ease, value, quality, shopping as well as eating / drinking and leisure.
- Shoppers are increasingly shopping by a variety / combination of multiple channels.
- Multi-channel is delivering multi-formats.
- Shoppers like big stores and small specialists.
- Retailers like and benefit from multi-purpose centres; they both 'feed off' footfall and 'share' footfall.
- Retailers are increasingly trading in multi-formats.
- Retailers will choose out of town, if no suitable in town provision is available.
- Retailers are investing in the larger centres and in high impact stores.
- For Chichester there is a clear objective to retain and to improve its city centre offer.
- Chichester will need to enable more formats and changing types of retail presence.
- The city centre offer will need to include more F&B and more leisure in the future.
- Chichester City Centre as a first step needs to ensure all existing non-retail attractions / attractors are integrated as part of a collective city centre offer.
- Chichester will benefit from a broad range of events that offer diversity, with a level of frequency that drives regular footfall through additional reasons to visit.
- Measuring, monitoring and seeking to continually improve 'ease of use' will help ensure continued appeal.
- There is a role for managed and controlled out-of-town as complementary to the city centre and in parallel to / alongside ongoing city centre change and improvement.

Chichester is well placed to take advantage of the proven consumer and retail trends identified in this report. The key is to build on its existing strengths, its retail offer and multi-reasons for visiting the city centre, by maintaining its convenience, its ease of access and ease of use, whilst providing additional layers of experience not found online or in nearby competing towns and cities.

Summary

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